

most of the rest of the world should automatically be done here.

Yet for most of this Nation's history, Americans were not afraid to be a little bit different, a little bit unique, a little bit special. I hope the Federal Government and all the State governments will be responsive to our own citizens for once and end this expensive and elitist effort to force an unnecessary metric system down on us.

Let me add, Mr. Speaker, one other thing, just because of the vote, the defeat, we had on this national day of prayer bill that we just had in this body. William Raspberry, the great columnist for *The Washington Post*, wrote several years ago, he said, is it not just possible that anti-religious bias masquerading as religious neutrality has cost this Nation far more than we have been willing to acknowledge?

A very good statement by William Raspberry, a very good question for all Americans to ask: Is it not just possible that anti-religious bias masquerading as religious neutrality has cost us far more than we have been willing to acknowledge?

PRESCRIPTION DRUGS FOR SENIORS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GREEN) is recognized for 5 minutes.

Mr. GREEN of Texas. Mr. Speaker, seniors are being forced to choose between buying food and their prescribed medications.

The high cost of prescription drugs is particularly difficult for seniors, who use one-third of all prescriptions. Medicare does not cover prescription drugs. So, many seniors, 37 percent, do not have prescription drug coverage and must incur these expenditures out of their own pocket.

Studies conducted by the Committee on Government Reform minority staff show that older Americans pay much higher costs than other groups. These studies show that in congressional districts across the Nation, seniors pay for prescription drugs, on average, nearly twice as much as the drug companies' favored customers, such as the Federal Government and large HMOs who have the economies of scale who can purchase it in large quantities.

So seniors are paying double what the Federal Government may be paying through the VA or through some other program.

This price differential is approximately five times greater than the average price differential for other consumer goods. So it is actually five times more than what the economies of scale and other consumer goods may cost for large purchasers.

H.R. 664, the Prescription Drug Fairness for Seniors Act, allows pharmacies to purchase drugs for Medicare bene-

ficiaries at the best price charged to the Federal Government through programs such as the VA or Medicaid. The legislation has been estimated to reduce prescription drug prices for seniors by more than 40 percent.

That is not price controls, Mr. Speaker. H.R. 664 just ends discrimination and allows seniors to buy just like a large customer would do, seniors on Medicare, fee for service.

Mr. Speaker, this is not a bunch of Democrats trying to play politics with this issue. What we are trying to do is bring up an issue that affects all Americans, because many seniors have no prescription drug benefits. It affects people in my district like Ms. Holec of Houston, Texas. Ms. Holec is 85-years-old and relies on Social Security as her primary source of income. She also has a medical condition that requires her to buy prescription drugs that cost \$260 every month. Ms. Holec already has had to sell her car and some of her furniture to pay for her prescription drugs.

□ 1915

What is she supposed to do when she runs out of things to sell and can no longer afford her medicine that costs her now \$3,000 a year? What if she develops another condition or requires another prescription drug? The solution to the problem is the Medicare prescription benefit, one that recognizes today's health needs of senior citizens.

Today the President announced his Medicare modernization proposal. I expect many people will talk about or speak out against this proposal, but before they do, think of my constituent and maybe another constituent, someone like Mrs. Holec, who is forced to spend a significant portion of her income on prescription medication or prescription drugs.

The President's plan will establish a new voluntary Medicare part D prescription drug benefit that is both affordable and available to all beneficiaries in fee-for-service.

The Medicare task force that was made up of House Members, Senators, and public members failed for primarily two reasons: One, it forced low-income seniors into managed care, and it did not include a prescription drug benefit.

Mr. Speaker, seniors should not have to look to managed care for their health needs. They should be able to look to Medicare. Whether it is the Prescription Drug Fairness Act that I am a cosponsor of, or the proposal outlined by the President today, or maybe another proposal that some Members would come up with, we have the responsibility to provide for this critical benefit.

Simply relying on managed care to meet this need is both unrealistic and unfair to beneficiaries. HMO coverage

of prescription drugs varies widely between plans, and often has caps that do not fit the needs of the beneficiaries. Moreover, some beneficiaries do not have an HMO choice because they live in rural areas, Mr. Speaker.

I hope my Republican colleagues are as committed to solving this problem as the President is and my Democratic colleagues. If so, maybe they can join us in support of either one of these proposals or develop a new proposal, just so we can make sure that seniors have prescription medication without having to literally put themselves into poverty to do so.

However, to continue to do nothing it seems, like we do with so many issues important to hard-working Americans, is not the option. So I hope many Members will look at not only what the President proposed today, but also H.R. 664, to see if we cannot come up with a solution during this Congress, before the end of the year, to solve the problems of seniors who have to pay an inordinate amount, double in some cases what prescription medication would be for other Americans.

DAIRY LEGISLATION

The SPEAKER pro tempore (Mr. ISAKSON). Under the Speaker's announced policy of January 6, 1999, the gentleman from Missouri (Mr. BLUNT) is recognized for 60 minutes as the designee of the majority leader.

Mr. BLUNT. Mr. Speaker, I want to talk tonight with some of my friends who I see are already here on the floor about dairy legislation. June is National Dairy Month. We are coming to really a fateful decision on dairy policy.

The Secretary of Agriculture has proposed an option for dairy policy that really does not work for most of the country. In fact, I have a chart here, Mr. Speaker, that shows the impact of this policy if it had been in existence over the last 5 years. There would only have been 1 year where America's dairy farmers would have been above the line of break even. The average for those 5 years would have been a loss of \$196 million.

Dairy farming families certainly cannot continue to stay in business with those kinds of statistics and those kinds of odds. We are really in a process here where, after some time, I would have thought adequate time for study and lots of impact from Members of Congress, we came up with a very disappointing result.

Tomorrow in full committee markup H.R. 1402 will be marked up by the Committee on Agriculture that really follows a policy that a majority of the Members of the House and Senate have advocated. The bill, H.R. 1402, has 228 cosponsors.

Last year, as this policy was approaching a decision by the administration, by the Secretary of Agriculture, 238 House Members and 61 Senators wrote to Secretary Glickman asking that Option 1-A, a continuation of an option with a more consolidated, more effective, more updated series of marketing orders, would become the dairy policy for the country.

So we are here tonight to talk a little about this, and National Dairy Month, as dairy farmers all over the country are having a harder and harder time making ends meet, having a harder and harder time breaking even.

One of the leaders in this debate has been my friend, the gentleman from Arkansas (Mr. HUTCHINSON), from my neighboring district in Arkansas. My district is in Southeast Missouri, and the gentleman from Arkansas (Mr. HUTCHINSON) represents northwestern Arkansas.

Both of those districts have been great dairy districts over the years, but both of those districts have seen a significant decline in the number of dairy farms and dairy farmers.

In fact, in my district in southwest Missouri, at one time the eighth biggest dairy-producing district in America, and we do not rate nearly that high now, and we have been losing our dairies at the rate of about 8 percent a year.

Northwest Arkansas has been a great dairy area, and the gentleman from Arkansas (Mr. HUTCHINSON) has been a real advocate for dairy farmers and dairy farming families.

Mr. Speaker, I yield to the gentleman from Arkansas (Mr. HUTCHINSON).

Mr. HUTCHINSON. I thank the gentleman for yielding to me, Mr. Speaker, and also for his leadership on this very important issue on behalf of dairy farmers.

I likewise am concerned, being from Arkansas. In my two counties in northwestern Arkansas we have had a loss of 43 percent of our dairy farmers. Ryan England came to me and asked me to do something to help him. I just have this chart that shows a little bit of the difficulty that our dairy farmers have faced.

We know that if we look back over the last 18, 19 years to 1980, if we look at the price of milk, the all farm price we would have of milk versus the retail price we have in the store, of course everyone knows that the retail price of milk has gone consistently up. Yet, the farm price of milk has remained steady through that time, with some fluctuation primarily downward.

We know that during that time the cost of production for our farmers has not remained steady, it has gone up. The cost of fuel, the cost of feed, everything that they would need to produce the milk on the farm, electricity, all has gone up, yet they have not received any benefit of the rising prices. So it

has been a very difficult time for the farmers.

One of the options that have been considered is a dairy compact. This has worked very well in the Northeast. I know some of my colleagues here from the Northeast have indicated that it has worked very well for them, but 21 Governors, 21 Governors have signed legislation in their States requesting Congress to delegate its regulatory authority over their States' milk markets.

Right now, of course, as my friends know, Mr. Speaker, the Federal system is that we have the prices set out of Washington, a Federal price marketing system. We believe there should be more reflection of the prices in the States and more control being returned to the States. So the Governor has said Congress should delegate some of that regulatory authority back to the States, the regions, to have a dairy compact in the Southeast, a Southern Dairy Compact, as they have had in the Northeast, which worked very well for consumers as well as for the dairy farmers and the processors.

I say to my friend, I believe that is important. I just want to thank everyone for being interested in this, supporting the dairy farmers. Hopefully the legislation that my friend from Missouri is sponsoring will move forward, as well as this dairy compact legislation. I thank the gentleman.

Mr. BLUNT. One of the things I might mention while that chart is still up there, Mr. Speaker, is that farm prices have stayed the same, have taken dips along the way, but the retail price has increased. One of the things the studies show on this proposed Option 1-A is that it does have benefits for farmers, but the benefit for consumers is the benefit of a fresh product being available, there continues to be competition in production, and consumers continue to have not only a good product but they have a competitive price, because we do not see this continued consolidation that we are seeing and that all projections would show that we would see under the other options being proposed.

Any time we have met with the Secretary of Agriculture, people from the U.S. Department of Agriculture on this issue, one of the people that has been in the room has been the gentleman from Maine. I yield to the gentleman from Maine (Mr. BALDACCI) on this topic.

Mr. BALDACCI. I thank the gentleman from Missouri (Mr. BLUNT) for his leadership on this issue, and for his organizing those meetings with the Members and the Secretary to raise the awareness of how important agriculture and dairy farmers are, not only to his district but to the Nation as a whole.

In Maine the dairy industry is a vital component of the agricultural econ-

omy. Sales of milk generate cash receipts totalling almost \$100 million a year. That was before the bottom fell out. Those sales from about 600 farms 20 years ago, it was nearly twice that number.

The loss of family farms in Maine and the loss of farmer income not only affect related industries, such as equipment and feed suppliers, but it ripples through the rural economy.

I think, as we have heard here earlier, the debate in terms of an option of 1-A versus 1-B is relating to having farmers get at least some meager return for the amount of work and effort and resources and sacrifice they have put into the work they are doing.

The work that they are doing extends beyond just the farm itself, but into the community. Their children and family members are involved in 4-H, in community projects. Because of the loss of farm families in the agricultural community, I believe that has been one of the problems in rural America and in all of America, is that it has not reinforced that family unit, that community sense and that responsibility that we have to each other that I believe emanates a lot from agriculture.

Maine recognizes that there is a compact between the farmers and the consumers. That is why we support the dairy compact. There is a realization that the flat prices that the dairy farmers have been getting as the prices have been escalating, it reminds me of the story that was pointed out to me that the prices go up by pony express, but they end up coming down by bottle.

I think that is what we have recognized from our dairy farmers, is that they have received a very, very meager return for their investments.

The bill put forward by the gentleman from Arkansas (Mr. HUTCHINSON) on the Dairy Compact is a bill which will keep that process going, where our dairy farmers in the Northeast and the Southeast and West and all parts will be able to enjoy some sort of floor, and they will realize a return on their investment.

I want to thank the gentleman for the opportunity to address this issue, and to work with my colleagues from Pennsylvania and North Carolina and throughout the country here to make sure that our farmers get a fair deal.

Mr. BLUNT. I thank the gentleman, Mr. Speaker, for his comments. Certainly in virtually every district, and I know every district of Members on the floor, and there are 228 cosponsors of this legislation as of today, in virtually all of their districts, in virtually all of their States, dairy farmers and dairy farming families have declined and declined dramatically. This option, Option 1-A, really does create the difference.

Somebody in a hearing the other day said, well, it is only pennies a gallon.

Anybody who knows anything about dairy knows that pennies a gallon is the difference between whether you continue to milk those cows or you stop. Most dairy farmers, as much as they love the dairy farm, do not do it solely for their health, they do it because of the necessity to feed their families, to make a profit, and those pennies make a difference.

In fact, this option alone in Missouri, in the Seventh District, if we went to Option 1-A rather than Option 1-B that the administration, that the Department has proposed, there would be almost \$2 million of additional income every year to southwest Missouri dairy farmers.

I can guarantee the Members that that is the difference in whether you divide that up into profit among the hundreds of farm families we still have, or you simply create a situation where there is no profit and we go out of business.

Mr. BALDACCI. If the gentleman will yield, Mr. Speaker, the gentleman's point is exactly right. Also what is happening in Maine, what we do under the option that has been put forward by the administration is lose significantly over what little we are getting now, and all the option that the gentleman is sponsoring and I am cosponsoring, working together with many other Members, it is going to just put us back where we are now, which is still struggling. We are not going to reap any kind of gain from being able to have 1-A put back in, but just be able not to lose as much.

I think there is not going to be an increase in the consumer prices from the support of this 1-A.

Mr. BLUNT. I think all of the studies indicate that in fact maintaining competition is what maintains not only a good product but a low price. There is no study that indicates that the price that consumers pay is affected in any significant way by what we are proposing.

What we are proposing is to continue to have a product that it takes a while to get to the market. You do not just decide in the spring to be a dairy farmer and harvest a milk crop in the fall. It is a different commitment than that, it is a different time commitment than that.

We think this bill really creates the relative assurance in a very difficult economic environment on a dairy farm, the relative assurance that producing that product is still going to be profitable for your family.

□ 1930

One of the leaders, Mr. Speaker, in this whole area of milk in the Congress for years and dairy policy was the gentleman from New York, the outstanding chairman of the Committee on Rules, Mr. Solomon. When he left the Congress at the end of last year, he

was replaced by somebody who has very much taken that heritage of being concerned about dairy farming families to heart and certainly has become a real leader in this issue. I would like to yield to the gentleman from New York (Mr. SWEENEY).

Mr. SWEENEY. I thank the gentleman for yielding to me. I was standing here listening to the exchange between you and the gentleman from Maine (Mr. BALDACCI) and the gentleman from Arkansas (Mr. HUTCHINSON), and I look around the room and see a number of our colleagues throughout the Nation, and it strikes me that this issue of equity in the dairy industry and the debate over the legislation attendant to Option 1-A really does not know any geographic bounds. We have a number of people who are supportive of our endeavor.

As the gentleman pointed out earlier, nearly 300 Members of the House and Senate wrote to Secretary Glickman concerned that he was headed down the wrong path when reforming the Federal milk marketing audit program. Unfortunately, despite that, the Secretary chose to ignore the consensus by rejecting Option 1-A, instead selecting Option 1-B, as well as is the case from our friend from Maine, also affects New York in an adverse way. This is not a question of trying to enrich the New York dairy industry, but a question of trying to hold the line and stop the bleeding, which has been profuse.

Congress has been very consistent in its position with respect to dairy policy, as the gentleman pointed out. Farm groups, dairy producers, have coalesced behind Option 1-A and built a pretty convincing coalition. I want to talk about a couple things as we start out this evening, if I could, to give you a little perspective on New York State generally and talk a little bit about the perishable nature of milk.

You touched on some of those issues, but in New York the Option 1-B as proposed by Secretary Glickman will probably cost us something in the range of \$200 million to \$300 million. We cannot absorb that kind of cost.

Our dairy industry ranks third in the Nation. Milk production is vital, and by far is one of the greatest contributors to the State's agricultural economy, as well as prominent contributor to the rural character of upstate New York which I happen to represent a portion thereof.

Dairy farms generate over \$1.5 billion in milk receipts annually, and the dairy industry supplies my State something in the range of 80,000 jobs, especially in areas of the State where we have a great deal of economic strife existing.

Despite the prominent role of this industry, our dairy farmers have been in a precarious position for some time and the volatile markets have jacked up retail prices while eroding the farm share

for the consumer. Record highs have been followed by record lows, and dairy farmers no longer plan a steady income.

It is tough for a farmer to plan a steady income, as you pointed out, and it is important to understand that the product dairy farmers provide sets them apart substantially from other agriculture producers. As providers of a very, very perishable product, dairy farmers lose the ability to ride out or boycott unattractive markets. Dairy producers cannot simply turn off the faucet of the cow when the price goes south and cannot withhold raw milk from the market in order to bargain for a higher price. They are at the beck and whim of that marketplace.

This places them at the mercy of the volatile dairy market, which just this last spring we saw a 40 percent drop in the price farmers receive for fluid milk and an unprecedented plunge. Imagine what a terrifying experience it would be if you saw your income drop by 40 percent and then recognize that while you still have to pay your bills and expenses, the prices were going to drop at that rate.

No matter how much you receive for your milk, fields still have to be plowed, Mr. Speaker, cows still have to be fed, mortgages still have to be paid. It is no wonder that the independent dairy farmers are losing their farms at an alarming rate in New York State and elsewhere, as well as in many other regions of the nation.

Aside from the perishable nature of the raw milk, there are other more ominous forces that work against our dairy farmers. Rapid consolidation in the dairy industry is putting market power in the hands of very few. My colleagues from urban areas in New York State have argued for some time that they are concerned that Option 1-A and the Dairy Compact and inclusion thereof will create a false pricing structure that will somehow cost their constituents. That is not true, and they need to be very concerned that as the rural upstate family dairy farmer is in greater peril, so are their consumer constituents in greater peril, because they will be left with fewer options and have to go greater distances to purchase the dairy products, the milk products, that they choose to.

I would only direct you to the problems and those who would question Option 1-A and inclusion in the Dairy Compact, that the problems that we now have with market concentration and poultry, beef, and pork industries, and contend that dairy is headed down the same road if we do nothing to prevent it.

So I want to applaud the gentleman for your efforts in this regard. I want to applaud all of my other colleagues for their efforts as well. I think this is probably one of the most significant

economic issues for my region certainly and my district and for much of rural America.

Mr. BLUNT. I thank the gentleman from New York. One of the things to point out here too is that as these dairy farms are lost in areas, that jobs that relate to that are lost. The State of Missouri, in the last few years, we have lost two fluid milk plants, we have lost 11 plants that process dairy products, because we simply do not have the production that we used to have to justify those jobs, those off-farm jobs, that did not relate necessarily to producing milk on the farm, but certainly are not there any longer when that milk is no longer produced on the farm. So it does matter.

As the gentleman from New York said, Mr. Speaker, we have had already this evening people like me from Missouri and my colleague the gentleman from an adjoining district in Arkansas (Mr. HUTCHINSON), from Maine and from New York.

One of the people that is always in that room when dairy policy is discussed too is our colleague from North Carolina (Mr. ETHERIDGE), to go to another area of the country. I would like to go to him right now. I certainly appreciate all that the gentleman does, not only being one of the original cosponsors of this bill, but also the leadership that you play as a member of the Committee on Agriculture where this bill will be marked up tomorrow. I would like to yield to the gentleman.

Mr. ETHERIDGE. I thank the gentleman for yielding. I also want to thank the gentleman for holding this special order on dairy legislation this evening as it comes up before Congress tomorrow. We will be marking it up. I thank the gentleman for his leadership. I am proud to be an original cosponsor of 1402 as it is scheduled before the committee tomorrow.

The gentleman talked about 1-A, how important it is. It is critical, it is significant, and, as the gentleman indicated, over 200 Members of this body would not have signed it otherwise.

It simply provides an incentive for farmers in small regions of the country to continue to produce fresh milk. That is really what it is all about. The gentleman has talked about the dollars, and the same would be true for my region.

In the last 10 years, we have lost half of our farmers, our dairy farmers. Let me say this evening, we are talking about dairy farmers, but this is symptomatic of the problems throughout agriculture today in a lot of areas, because every commodity is down, but this is one we can do something about tomorrow or start the process with.

As the gentleman indicated, it is unlike many of the other agricultural issues we deal with, because many of those go from spring to fall, and with this one it takes awhile to build that

herd and sustain that herd and the investment that goes into it.

My dairy farmers and yours already are reeling from the volatility of the fluid market over the last several months. We have seen tremendous drops. I hope that over the next few weeks we also get a chance to deal with another piece of legislation dealing with dairy, and that is 1604, which is the ratification of the Southern Compact and reauthorization of the Northeast Compact. Our friend from Maine just touched on that a few moments ago, how that levels out the price that dairy farmers get and how important that is, because they need to have that to plan as they invest in herds, as they invest in equipment and they pay their bills.

Let me say to the gentleman and the folks listening in this evening, it is a shame, while the executives of some of the large conglomerates, and we talked about it earlier and the gentleman from Arkansas (Mr. HUTCHINSON) did, about the difference in what farmers are getting now and what they have got even over the last 10 or 12 years, and the difference in that price and the cost of milk. The cost of milk has gone up about 35 percent since 1980, and we saw from the chart what farmers get has been pretty flat.

It is pretty obvious, the farmers are not getting it. They are producing more, but the costs of their input of what they are paying for feed, for labor and everything else is going up, and they are getting squeezed by the cost of raw milk they are getting.

What 1-A does, it says that we are not going to adopt the 1-B that they talked about, which is going to subsidize just a few producers in one small area of the country and flood that milk to the other parts of the country and drive our people out of business, so we do not have fresh raw milk for our processors nor the fresh raw milk to go to the grocery stores.

So the people who would benefit under this are not only the farmers we are going to keep in business, but it benefits the consumer, because they are going to have a fresh supply of milk at the store every day, and milk is an important product in this country for the very young and for the very old. Those of us in between like to enjoy some too. But it is important.

I think sometimes we forget that when we are talking about the other issues. It is an important consumer issue and it is important to the American people.

As I said, since 1980, the retail price of milk has risen 35 percent. The farmers would feel pretty good if they had gotten 35 percent increase in their cost of milk at the farm, but they have not gotten it. It has been driven down.

That is what this is about, at least about stabilizing, so when they go to the bank to borrow money, and do not

ever forget, that dairy farmer borrows money just like any other farmer in this country, but at least they know there will not be spikes in the price they are getting, so that they can do some planning.

The importance of this legislation cannot be overstated. The thing that I fear if we do not pass it, and this is why I think it is so important and I thank you for your leadership and having the opportunity to work together, if we, if we continue to lose our dairy farmers, we will have more and more concentration in a very few hands, and ultimately then the American consumer will wake up one morning, and all of a sudden the price of milk will be up and there will be no way to get it down because there will be so few producers, they will control the market. They are not able to do that at the current time. I think we have a chance now to take care of that.

Milk is just too important to let that happen. This piece of legislation is not only important to the farmers, it is important to all of us. But right now our farmers, certainly in my part of the country, are bleeding. We can do more than put a tourniquet on, we can do more than put a band-aid on, we now have the opportunity to take care of that bleeding for the long term, if we will deal about it. I look forward to the work we are going to do tomorrow.

Let me finally say that some folks say it is easy for them to get up and say let the free market work, it is all about the free market working.

I am all for the free market, if it is free. The problem is, the foreign governments are subsidizing their farmers in a variety of ways. We cannot get products in Europe because of tariffs, and it is true in every other part of the country, and our farmers are paying the price. We have the most open market in the world, in the United States, right now, and if our farmers benefited from that on the free market, then we would not need to be able to make sure they stay in business. But this is about our farmers getting a fair shake, getting a fair chance at the marketplace.

I thank the gentleman for it, and I look forward to working with you so we can say to our consumers they are going to get a fair price in the market price, they can go in the grocery store and know they are getting fresh milk, and our farmers are going to be in business for the long haul and we can encourage the next generation of dairymen to get into it, because if we do not give them the tools to work with today, we will continue to see the auction of cows, auctions of farmland, and we are going to be turning our dairy farms into shopping malls and housing projects. Not only do we lose the benefit of the production, we also lose a green way and environmental part of this country and a way of life we will not be able to replace. I thank the gentleman for his leadership.

□ 1945

Mr. BLUNT. Mr. Speaker, I thank the gentleman. And on his comments about competition, I think one of the things that the gentleman sees, and I saw when we served on the Committee on Agriculture together, was the constant concern about concentration in beef and pork and poultry and the many problems that relate to concentration. This legislation is focused on continuing competition. It is focused on continuing to have people producing that product.

The gentleman mentioned the very young and the very old. As a former chief state school officer, I think the gentleman would appreciate the other day when I was at Stadly Elementary School at Carthage talking to 4th graders, and one question was, "Do you know President Clinton?" And I said, yes, I had been in a meeting with President Clinton the week before when we were in the middle of Kosovo. And the next serious question from the next 4th grader at Stadly Elementary School was, "Did you know Abraham Lincoln?"

So the very old is sort of a relative term. I had to allow that I was a pretty old guy, but I had not been around quite long enough to know Abraham Lincoln, and so I could not admit to that, but I said I admired Abraham Lincoln.

Mr. Speaker, when I am going to a dairy meeting, as I think about the complexities of the problem, the formula involved, the different categories of this product, and my staff would be one of the first to say this as well, one of the early questions I ask before I know just how well prepared I have to be is, is the gentleman from New York (Mr. McHUGH) going to be at the meeting? And if the answer is yes, I heave a little sigh of relief because I know I do not have to be quite as well prepared as if the gentleman from New York were not going to be at the meeting.

The gentleman from New York understands these issues, he cares about them, he can debate anybody anywhere in the country and particularly anybody from the U.S. Department of Agriculture on the fine points of dairy policy. And here we are talking about a policy that is the difference in staying in business and not staying in business for many of the dairy farmers both he and I represent. And with real appreciation for his understanding of this issue, I am pleased to yield to the gentleman from New York (Mr. McHUGH).

Mr. McHUGH. Well, Mr. Speaker, I thank the gentleman for his very gracious comments, and let me return the compliment. The gentleman from Missouri (Mr. BLUNT) has been a leader on this issue. And, frankly, without the gentleman's hard work and without his dedication and devotion, we would not have this opportunity to come forward tonight and to talk about what is I

know shared in America and is understood to be a very, very important issue.

We have heard about the Compact tonight, but, as the gentleman noted, we have a very important markup tomorrow in the Committee on Agriculture dealing with a very complex issue with respect to milk market orders. I, like many of us, have listened over the past several weeks, heard the discussion from those Members who do not share our perspective, I have read their statements, and I think, unfortunately, there is a great deal of misunderstanding, there is a great deal of misinformation as to the particulars of milk marketing and milk market reform.

I think, however, we can all agree on one thing, and that is that the current system of milk marketing in America is extraordinarily complex. Some would say it is arcane. And it is true, the proliferation, the really fragmented evolution that has surrounded the growth of marketing orders in America today has really provided us with what I think we can all agree upon is a very ineffective system. But for all of that complexity and for all of the need for change, I think that the need for the market order system today, in 1999, is as evident and is as important as it was back in the 1930s.

Clearly, some of the things from 60-plus years ago, when the original market orders were first constructed, exist today as they did then. Milk production, as the gentleman from Missouri (Mr. BLUNT) has noted today, and others have as well, is a long-term undertaking. It is seasonal as well. One cannot, as the gentleman noted, just take a dairy cow and start milking it tomorrow for market. There is an intensive capital input and an extraordinary amount of time necessary to raise a calf into the age and position where it can be a productive animal.

The seasonality is a factor of life today as it was 60 years ago. Cows produce more milk in the spring, less milk at other times, and that is a very important factor. Farmers cannot shut down a factory line, cannot lay off cows during times of less demand, and those are realities that have not changed.

And I think most importantly is the recognition behind the original orders that milk is, indeed, as the gentleman from North Carolina (Mr. ETHERIDGE) just said, a wholesome product, that the vast majority of Americans wish to provide it for their families, wish to provide it for their children, and that was a very important policy position behind the formulation of those markets back in the 1930s.

Things are different. I have heard our friends on the other side of this issue say that refrigeration now can change the way in which milk markets operate; that you can ship fluid milk to further distances; that, clearly, the popu-

lation centers of America are different today than they were in the 1930s and that the reason behind original markets, the increased production, to ensure there was an adequate supply, are no longer reflective of those changes in population. But those have limits as well. And, quite honestly, that thought, that recognition was behind the 1996 farm bill.

I become confused when I listen to some folks who, for all of their good intentions, were not part of the formation of that 1996 bill, who were not there in the negotiations, suggest that it was somehow the intention of the Congress to do away with market orders; that market orders were, by definition, a relic of the past and that Congress expressed an intent in that bill to do away with market orders.

Well, nothing could be further from the truth. The Congress spoke very clearly. They understood that at that time the 31 designated regions of milk markets were no longer relative to the 1990s, that they needed to be reconstructed, but they very specifically dealt with the issue of the elimination of market orders, of the elimination of what is called Class 1 differentials, that price-plus that is paid to farmers for fluid milk, and gave very clear instructions in that bill to the Secretary of Agriculture that, indeed, milk market orders should continue; that the process and the practice of Price 1 differentials should not be unduly disrupted in whatever market order reform came about.

That is why I think the Secretary's ruling is so perplexing. The record clearly shows that the overwhelming majority of individuals and organizations that expressed their interest during the formal hearing or informal hearing process was in support of the so-called I-A Option. It has been mentioned on this floor this evening. Congress spoke loudly both at the time when the bill was on the floor and in follow-up meetings with the Secretary.

It was expressed very clearly in letters to the Secretary. 238 Members of the House, 61 Senators, who normally could not agree on what day of the week it is, said that they wanted the Secretary to support 1-A as the most viable and the most effective option. Even the Secretary's own dairy price structure committee, the in-house United States Department of Agriculture Advisory Committee, the experts, including many prominent economists, supported 1-A.

The reality is if we were not under an informal rulemaking process, that if this bureaucratic decision had to be done under a formal rulemaking process, it could have never and would never withstand legal scrutiny, because the record simply does not support the implementation of a 1-B Option. And I think that is a very important point of this.

But I have to say, if I could continue for just a moment longer, the saddest aspect in all of this to me, as someone who has tried to work on these issues in a positive way for more than 20 years now, is how we seem to pit dairy farmers against dairy farmers, that somehow good dairy policy has to help one at the expense of the other. And I think it is very important that we go on record tonight to say that all of us recognize there are no dairy farmers in good shape today. Whether they are milking cows in the Northeast or the South or the Midwest, the upper Midwest, out on the West Coast or anywhere in America, they are not receiving a fair return on their labor and on their products.

We have heard the figures here tonight, and they are really startling. If people would just stop and think about what it would mean in their own lives, as my good friend and neighbor, the gentleman from New York (Mr. SWEENEY) stated, if overnight an individual's income was reduced by 40 percent. Farmers are receiving in real terms the same dollar for their product today as they did in 1978. Cost of living, input, production costs, as we have heard, since 1982, have increased 60 percent; and that is a reality whether a farmer is in New York or Wisconsin.

And it saddens me deeply to have to find ourselves time and time again opposing representatives who are good of heart, who are trying to represent their dairy farmers as well, as though somehow we have to hurt some to even marginally help another. New York's dairy history is a sad one in recent years. Built on a proud tradition, we have lost more than 8,000 dairy farmers over the past 10 years or so. Milk cows in New York have decreased by some 23 percent.

So there are no winners in this. And what really confuses me in the fight that we will see tomorrow on 1-A and 1-B is that somehow the folks who think that by adopting 1-B their dairy farmers will prosper are simply wrong. Every region of the country, including the upper Midwest, who seem to be most supportive of this, will, at the end of the day, when the market order reforms are taken into consideration and when the pricing structures for Class 3 milk are taken into consideration will lose money. The class pricing changes for Class 3 will mean a loss of some \$30 million to farmers in the upper Midwest.

So 1-A, 1-B is not a fight of who will do well but rather a fight of who is going to be hurt less, and I think that is a very, very disturbing aspect.

And there is another important point that for all of the debate I have heard in support of 1-A and 1-B, particularly those who are favoring 1-B, that somehow other farmers are receiving more for their milk. Well, as my boyhood hero Paul Harvey used to say, "Here is

the rest of the story." The reality is that when we factor in all of the price components, what a farmer is paid for his or her milk, dairy farmers in the upper Midwest have traditionally, historically, and continue today to receive more than the farmers do in, say the Northeast.

In the Chicago regional market, for example, when we factor in the cost under the market order support, when we factor in the various premiums that they receive, those farmers obtain 55 to 66 cents per hundredweight more than farmers in the Northeast. So while my heart goes out to those farmers and while I definitely and strongly support things that we can and should be doing to help them as well, this action, 1-A versus 1-B, will not be the salvation, will not reach out and help dairy farmers in the upper Midwest, will not, as I have heard time and time again, level the playing field.

We cannot have a responsible dairy policy that indeed encourages the production of fluid milk, affordable, wholesome fluid milk in every part of the country, a policy objective that I think is so very sound, so very important, by taking away annual farm income, depending on whose figures you read, anywhere from \$360 to \$560 million a year. And that is why this is so very, very important.

In our part of the world, the gentleman from New York (Mr. SWEENEY) and myself, and I know it is reflected in the districts of the gentleman from Missouri (Mr. BLUNT) and the gentleman from Maine (Mr. BALDACCIO), and all the other Members, the gentleman from North Carolina (Mr. ETHERIDGE), the gentleman from Arkansas (Mr. HUTCHINSON), and I know the gentleman from Pennsylvania (Mr. KLING) is going to speak shortly, in all of our regions dairy farmers are important for what they do, for what they produce.

But it is more than that. We have to help people understand that when a dairy farm goes out of business, it is not just a few buildings becoming vacant, it is not just that no longer is that field populated with dairy cows. It is a loss of business of devastating proportions to our local communities, a loss of an incredibly important, I would argue irreplaceable, fabric in the social and economic fabric of a community.

□ 2000

We lose our neighbors. They no longer shop at the local supermarket. They do not go to the feed store, implement store. They are no longer purchasing products from the hardware store on down to the local book store.

So it is an important thing for consumers. It is an important thing certainly for the preservation of, in the State of New York, the largest segment of our largest industry, agriculture. And it is important, too, that we preserve this way of life.

I would like to believe that over time we can begin to work together with all of our friends here in this Congress who care very deeply about their dairy farmers as well and evolve a policy that helps all of these folks stay in business, to the betterment of each and every American.

Again, I thank the gentleman for his leadership on this issue and for the chance to be here this evening.

Mr. BLUNT. Mr. Speaker, I thank the gentleman for being here and for his comments.

Certainly, as he pointed out, in the milk marketing order, there are some significant revisions of this map. The two directives from the Department of Agriculture, and there were only two directives in this regard, were to create a new consolidated set of orders that reduced from the 31 that are in place today to no more than 14 or less than 10. They came back with 10 orders, basically, that does reflect some of the transportation, refrigeration, the other elements.

But this is, as the gentleman knows, a highly perishable product. There is a particular, I think my colleagues would probably call it junk food, but I like it, that I will not mention the name that I like to buy. The shelf life is forever. It does not matter how long it takes to get to the store where I buy it. It does not matter how long I keep a box of this particular item at my house. It is going to be just as good, I guess, 10 years from now as it is today. My wife would argue about the quality of my product choice there.

But we do not have a forever life with this product. And keeping that supply reasonably close, and we are saying now that it is with three times as easy to get that product to the store on the store shelf as it was when the milk orders were first designed, so we are going to 11 helpful milk orders. That was one requirement. The other requirement was that if the State of California wants to be exempted and have its own order, they would be allowed to do that.

As the gentleman from New York (Mr. McHUGH) knows, Mr. Speaker, those were the only two requirements that USDA had. There was no requirement to eliminate the policy. There was no requirement that fresh milk would no longer matter after 1999 or 2002 or any other date. Those are the requirements. This order reflects that.

And of course this is a product that, in its fluid form, that we really do not have extra days. When we look at that date on the carton when we buy it at the store, it is not months or years in advance, it is just a few days in advance. And a week or a day or two days off the life of that product makes a big difference in the quality of the product and whether somebody wants to rush back to buy another gallon or half gallon or pint of that product.

Mr. MCHUGH. Mr. Speaker, I could not agree more with the gentleman. Who amongst us has not walked up to the dairy case in our local supermarket and reached to the back to try to find the expiration date that is furthest away? And it is true, refrigeration has made a difference in how we can ship dairy product. But it is not a total answer. There is a very substantial cost to be paid in terms of lessening the shelf life when that product reaches our market shelves, a very substantial degradation in the quality of the product of milk.

If my colleagues are interested in increasing consumption amongst Americans of this very wholesome product, it seems to me that that kind of loss of quality, that kind of loss in consumer convenience in terms of the compressed expiration date is absolutely critical.

And there is one final reality that those who argue that market orders are no longer necessary because we can ship from California to New York or from New York to Florida or wherever conveniently choose to ignore, and that reality is simply that transportation is a significant cost factor in the retail price of milk; and the further they have to ship over time, it will have an irreversible and a very significant factor on the price of milk to the consumers. And it seems to me that one of our primary objectives has to be in all of this dairy policy, because we are not just formulating policy to help farmers, we have to take the broader public interest into mind, is that we stabilize prices, not increase them artificially, and particularly not do it in a way which is proposed through 1(b) that would be so devastating to the producers.

So, again, I thank the gentleman for his leadership.

Mr. BLUNT. Mr. Speaker, one of the ways that I like to drive to Washington is through Pennsylvania. Before I was in Congress, when my family and I would come to Pennsylvania, when my children and I would come to Washington when my children were growing up would be through Pennsylvania. One of the things, as a person who was born on a dairy farm, that we enjoyed the most was that roadside view of those great dairies.

I notice that there are fewer of those dairies. And dairies that we used to look at and admire the cows as we were driving by and the painted buildings and the white fence and all the things that went along with those great dairy farms, many of those that I see now do not have that. I know one of the people that has been concerned about that in the Congress as we have dealt with those issues is the gentleman from Pennsylvania (Mr. KLINK), and I would like to yield some time to him to talk about this very important issue to Pennsylvania and really to all of the States of the country.

I think what the gentleman from New York (Mr. MCHUGH) said about the struggle that dairy farmers are having everywhere is something that we all want to keep in mind as we deal with this legislation.

Mr. KLINK. Mr. Speaker, I thank the gentleman for yielding to me.

I want to tell the gentleman first of all that I thank him for his leadership on this matter. He has brought a great amount of fortitude and insightfulness and inventiveness in helping to find out ways that we can bring attention to the plight of the farmers. I appreciate his doing this special order and having us here. And I also very much appreciate his driving through Pennsylvania and hope that when he does that he will spend a little bit of money and keep Pennsylvania green. We appreciate that, as well.

Let me say that I think all of my colleagues on both sides of the aisle just have done a tremendous job of talking about what is at risk here. What this is really about in Option 1(a) is giving the farmers of America a fair shake. 1(a) is based on location-specific cost. It recognizes, as the gentleman from New York (Mr. MCHUGH) said, I think said so well, the value of having a fresh supply of milk produced locally.

He is right, there is refrigeration. But there is this whole idea of the family farmer, once they are gone, once we have only the big industrial farms, who is going to control the price of milk at that point?

The interesting thing I think for those of us who have grown up in farm life, I think what we understand here tonight is that we are fighting specifically for a way of life. I know that the gentleman from Missouri (Mr. BLUNT) referred to this earlier. If we go back to the founding of this Nation, it was an agrarian society, and it is only when the farmers were able to produce more that it freed up some of our families to go and do other things, take industrial jobs.

So what we are really fighting for today is for that farmer to be able to continue to produce the food, and in this case it is milk products, and to be able to get a fair price for that product. And if we cannot talk about location-specific costs, if we cannot have a program like 1(a) that specifically realizes we have to have a fresh supply of milk forever in each region, where are we going as a Nation? Where in the world are we going?

Some of my farmers, we toured around, we talked about this, we talked about the Northeast Compact, we talked about milk prices falling. I do not think that people out there who are not familiar with the dairy industry and they are not familiar with farming do not realize how difficult it is for farmers. I know the gentleman from New York (Mr. MCHUGH) touched on it earlier about they just do not buy

a cow and start milking it right away. There is a whole lot of investment that goes into it.

How many farms in all of our areas were bought where somebody came in first generation and put up the barns, bought the land, built the sheds. Fortunately these are second, third, fourth, fifth, sixth, seventh generation farms. If they were not, if these farms had not been handed down, if these farmers today had to make the capital expenditure to buy that land to build the barns, to buy all the cattle, they would not be making anything. And they are barely making anything, and in some instances they are not making anything.

The gentleman from Missouri (Mr. BLUNT) is right, there are farms that are disappearing in Pennsylvania, in all of our States. And with that is that fresh supply of milk.

Now, the farmers get started. Maybe they are fourth, fifth, sixth generation farmer. Then here comes the dairy and they are buying the milk from them and they tell us what is Class 1, they tell us what is Class 2, Class 3, and we get a different price based on not what quality of milk they have, Madam Speaker, but it is on what they are using that milk for. They are paid as a farmer for what they are using that milk for.

Now, if they sell a bail of hay, it is the going price of a bail of hay. If they sell a bushel of wheat, it is the price of a bushel of wheat. But they pay the farmers for the milk depending on what they are going to use that milk for.

I have had farmers tell me and they kind of laugh and they look out of the side of their eye with a twinkle and they say, "Now, you show me which one of my cows produced Class 3 milk and I will make hamburger out of them because I cannot afford to feed them anymore." There are so many things going against these farmers, they have to milk twice a day, every day, seven days a week. All we are saying is give them a fair shake.

H.R. 1402 is well thought out. This is a good bill. It is going to be marked up tomorrow. It is an important piece of legislation. As my colleague said, I think we have 228 cosponsors. That is a majority of this House. It is the right thing to do. It is a thoughtful thing.

And to both of the gentlemen from New York, we are right behind them. They are the third largest State. We are the fourth. We are trying to gain on them, but with farms shutting down, we are not quite getting there.

Some of my colleagues have mentioned earlier about the number of jobs. We have 17,000 jobs in Pennsylvania tied directly to the dairy industry. And then the spin-off, another 12,500 jobs indirectly tied to the dairy industry. The people who are suppliers, those people where they do their shopping and the things that they do. And

it is estimated if we have a 2-percent decline in our dairy industry in Pennsylvania, it would be a loss of 600 jobs. Six hundred families would have to go find something else to do, another way to pay the bills, another way to pay the mortgage, may have to leave the family farm.

This is important. It is important in dollars. It is important in jobs. It is important to have that rural family farm way of life.

We were talking over the past couple of weeks a lot on this floor of the House about morality, about solving social problems. There is nothing greater to bring people together than to give them a little taste of what happens in farm country. Dairy farms are about a way of life. They get up early, work long, work hard, enjoy each other's company.

Do we want to see the family farm wiped out because we have not given them a fair shake and have only large industrial farms out there? They will set the price of milk. If the consumers think they got a bad deal now, they got nothing. The farmers out here are watching the price of milk. On March 5 of this year in Pennsylvania, the price of our milk dropped 37 percent to the farm. They went back to what they were making in 1962.

All the consumers out there saw was maybe a nickel, six cents, seven cents difference. It was not that big. There was no real notice when they went in, pulled their dollar bills out and tried to buy a gallon of milk.

So it is important that we give these farmers the opportunity to have a good fresh supply of milk produced locally, let them recoup their local costs, whether it is labor costs, whether it is transportation costs. Whatever the cost is, whether they have got to get their feed ground, whatever it is they have to do, they have to be able to recoup that cost.

Some of the other speakers talked and we have to talk again about the dairy compact, because we are going to be back here I know talking about this issue. And it is important that we also, and I know that we are supportive of 1604, to reauthorize the dairy compact and to create a southern compact.

I am very proud that in Pennsylvania our State assembly since the last time we talked passed legislation to allow Pennsylvania to join the compact. The governor signed it into law. And now our farmers are going to have that shot. Now, the difference is that now they are making a little over \$12 per hundred weight. It costs 13 and a half bucks to produce that milk. The compact differential is going to be the difference between paying the bills, staying in business, and not being in business. That is how important this compact legislation is.

So I thank my colleague for having me here to be part of this to let me

along with I see the gentleman from Pennsylvania (Mr. SHERWOOD) here to be able to speak up on behalf of our farmers in Pennsylvania. But I just want to point out one thing again in case it was missed, Madam Speaker, and that is this: We have got people here from the Midwest, from the South, from the Northeast. We are not against each other's farmers. We are all here today speaking out for all of these dairy farmers, speaking out for fairness against each and every one of them. I am not against the farmers in Missouri or New York. We want a fair shake for all of them. And someone said it earlier, we do not have to pit American farmers against each other.

Mr. BLUNT. Mr. Speaker, I thank the gentleman for his leadership in this effort. And he has already recognized one of his colleagues here on the floor who, from the first day he joined us this year, came up to me and said, "Dairy is important in my district. I want to be involved in getting this legislation passed."

□ 2015

If the proposed option would go into effect, the average herd of 100 cows, that family would lose \$6,000 to \$15,000 a year depending on other price factors. Most of us would not want to take a \$6,000 to \$15,000 a year family pay cut. That is the difference in these options. That is why we are supporting 1-A. That is why it is going to be marked up in committee tomorrow.

The gentleman from Pennsylvania (Mr. SHERWOOD) has been an advocate of this policy since he got here and has been working hard to see that we get to this point of reversing this decision, passing 1-A. I yield to the gentleman from Pennsylvania.

Mr. SHERWOOD. Madam Speaker, I rise to support my colleague from Missouri's bill to have 1-A pricing as the best solution for producers and consumers across the country.

The Secretary of Agriculture's reform policy for the Federal milk marketing order is poor policy. It favors a small segment of the dairy industry in the northern Midwest and could lead to reductions in income of more than 6 percent to family dairy farms in other parts of the country.

Madam Speaker, we have had far too much reduction in dairy farms in Pennsylvania already. When I was a young boy growing up after the Second World War, my uncle had a dairy farm in a bend of the Susquehanna River, an area known as North Eaton. He would run his can truck out and pick up milk from seven farmers in that peninsula. Today there is not a dairy cow or a pound of milk produced in that peninsula along the Susquehanna River.

I grew up in the small town of Nicholson. There were three creameries and four feed mills. Today there is not one of either. When the farmers made

money, the little communities prospered, the churches were full, the charities were in good shape. As we let our family farm base wither away, we are not doing our society any good.

Family farmers do not want anything from us that is not fair. I am a very free enterprise person. Farmers are very individualistic. They are not asking for anything from the government except a chance to compete. Option 1-A gives them a fair mechanism in which to produce their milk, and you will then continue to have farm-fresh milk throughout the country. Dairy farms are the engine of the economy in small communities across the country.

I support this bill because it is the soundest, fairest policy for those hard-working families which help create dairy products and jobs in my home region. My friend Carl Aten retired from hauling milk a few years ago. He told me when he started he had 140 farmers. When he quit, he had 40 farmers. This is an industry that, if we do not treat it fairly, will go out of business. We do not need to be in the business of forcing family farms to go out. We do not need to penalize regions of our country which have long, proud histories of dairy farmers. We do not need to force consumers to receive only products that have been shipped from faraway regions. We need, along with the 200 other Members of the House, to support Option 1-A.

Mr. BLUNT. Madam Speaker, I yield to the gentleman from New York (Mr. SWEENEY).

Mr. SWEENEY. I thank the gentleman from Missouri for yielding.

Madam Speaker, I submit for the RECORD this editorial from the Wisconsin-based dairy magazine "Hoard's Dairyman" which is entitled "On Federal Order Reform . . . First, Do No Harm." I think it puts it in perfect perspective. What it essentially says is that Federal orders are put in place for dairy farmers, to be approved by dairy farmers. While USDA's proposal addresses some pricing aberrations, we cannot be expected to embrace a plan that reduces income for this high-capital, low-margin, physically demanding business of producing milk.

I suggest we take the advice of this upper Midwest authority with the national interests of the dairy industry in mind. First do no harm and reform the dairy program in a way that does not hurt dairy farmers.

[From the Hoard's Dairyman, May 10, 1999]

ON FEDERAL ORDER REFORM . . . FIRST, DO NO HARM

Think back to when the federal order reform package being debated now was being drafted. The 1996 Farm Bill that mandated reform was to be the start of getting government out of farming or, at least, away from regulating (or supporting) the price of farm products. "Market orientation" and "global competitiveness" were the ag policy watch words.

Now, USDA's final rule proposes Class I differentials that would be "flatter." Across all orders, differentials would average 29 cents a hundredweight less than existing levels.

The so-called make allowances would be raised for plants making butter and cheese under federal order jurisdiction. The intent is to make federal order plants more competitive with those in California which operate under higher make allowances. But there is only so much value in a hundredweight of milk. Boosting margins for plants leaves less money to pay producers.

The National Milk Producers Federation estimates that dairy farmer income in federal orders would have averaged \$196 million a year less during the past five years had USDA's final rule been in effect. That figure may be inflated somewhat as it does not include overorder and other premiums that would be paid. Still, we're talking about less money in dairy farmers' bank accounts.

Having said this, let's remember that much has changed during the past two years since the Farm Bill was passed. Feed grain and wheat prices have been in the pits. The pork picture needs no explanation. Beef prices are stagnant, at best. And our milk prices soared to record highs, followed by the lowest level in eight years. In short, today's ag policy environment is much different than it was just two years ago.

Accordingly, the medical motto "First, do no harm" comes to mind. Federal milk orders are put in place for dairy farmers, to be approved by dairy farmers. While the order proposal addresses some pricing aberrations, we can't be expected to embrace a plan that reduces income for this high-capital, low-margin, physically-demanding business of producing milk.

Rather than market orientation, we should be concerned about the nearly 8,000 families that sold their cows during 1998, many because they couldn't make ends meet. Rather than global competitiveness, we should be concerned that the highest milk prices ever (1998's average mailbox price was \$15.05) were well under the total economic cost of production in five of six regions of the country, according to USDA analysis.

Congress is to react to the reform plan by early summer. There will be heated debates on divisive issues, such as differentials and make allowances, both within and beyond the Beltway. Dairy farmer leaders from across the country need to put aside regional differences and bring to Washington a unified voice that asks for best possible price for all dairy farmers.

SUPPORT THE DEMOCRATIC PATIENTS' BILL OF RIGHTS

The SPEAKER pro tempore (Mrs. NORTHUP). Under the Speaker's announced policy of January 6, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Madam Speaker, this evening I would like to talk about two significant health care issues that the Democrats have made a major thrust, if you will, of their agenda for this Congress. One is the Patients' Bill of Rights, which is our HMO reform, our patient protection reform; and the second one is the effort that was announced today by President Clinton at the White House to modernize and

strengthen Medicare and, most importantly, to provide a prescription drug benefit for all Medicare recipients for the first time.

As Members know, when Medicare began in the 1960s under President Johnson, there was not a prescription drug benefit. As part of the effort to modernize Medicare and strengthen Medicare, the President today went far towards coming up with a prescription drug benefit that I think is a wonderful way for this Congress to show that it really does care about our senior citizens.

Let me start this evening by talking a little bit about the Patients' Bill of Rights. I have said over and over again on the floor of the House of Representatives, both this session and previous sessions, that the most important issue, the issue that I hear the most from my constituents about and the issue that I think our constituents feel we should address immediately, is reforming HMOs. Because so often Americans who have managed care, whose insurance policy is essentially a managed care or HMO type of policy, find that there is not adequate protection under the law for them to receive quality care when they need it.

The horror stories have been recounted many times about Americans who need a particular operation and are told that the HMO will not pay for it or need a particular type of equipment and are told that the HMO does not cover that or who need to go to an emergency room and want to go to the closest one nearby to where they live or where they happen to be hurt and are told that they cannot go to that emergency room because that particular hospital does not come under the HMO plan. All we are seeking to do with the Patients' Bill of Rights is to provide sufficient protections, what I call common-sense protections under the law, under Federal law, that get rid of these horror stories.

Essentially, the Patients' Bill of Rights has two focuses. One is to make sure that the decision of what kind of medical care you receive is made by the doctor and the patient, not by the insurance company; and the second focus is that there be an opportunity, if you are denied care by the HMO, that you have some sort of appeal, external appeal, as well as the right to bring suit in court to make sure that your grievance is heard and that that incorrect decision can be overturned if it should be. Those are the two focuses of our legislation.

But there are a number of other things that come up in the context of the Patients' Bill of Rights. I would like to go into a little bit some of the objectives tonight. I say that there are four central objectives of the bill: Patients should have access to needed care, doctors should be free to practice medicine without improper inter-

ference from HMOs and insurance companies, the health plan's decision to deny care can be appealed by patients to an independent entity, and health plans are held accountable for their medical decisions that lead to harm.

Let me get into some of the specifics, because I think that they are important. As I mentioned, patients today face numerous obstacles as they seek access to doctors and needed health care services in the context of managed care. These barriers to quality health care range from managed care companies' refusal to pay for emergency room services without prior authorization to restricting patients' access to specialists.

These are the most important provisions that I am going to go through in the Patients' Bill of Rights that will provide patients with access to the care that they need when they need it.

First, access to emergency room care. The Patients' Bill of Rights allows patients to go to any emergency room during a medical emergency without having to call a health plan first for permission. Emergency room physicians can stabilize patients and begin to plan for poststabilization care without fear that health plans will later deny coverage.

Access to needed specialists. We hear many times about the fact that, under HMOs, patients have been told, "Well, you can't go to a particular specialist." The Patients' Bill of Rights ensures that patients who suffer from a chronic condition or a disease that requires care by a specialist will have access to a qualified specialist. If the HMO network does not include specialists qualified to treat a condition, such as a pediatric cardiologist to treat a child's heart defect, it would have to allow the patient to see a qualified doctor outside its network at no extra cost. And the Patients' Bill of Rights also allows patients with serious ongoing conditions to choose a specialist to coordinate care or to see their doctor without having to ask their HMO for permission before every visit.

Another important provision in our Patients' Bill of Rights is access to an OB/GYN. The Patients' Bill of Rights allows a woman to have direct access to OB/GYN care without having to get a referral from her HMO. Women also would have the option to designate their OB/GYN as their primary care physician.

The other thing, because, as I mentioned earlier, one of the major concerns right now is access to prescription drugs, well, under the Patients' Bill of Rights, it requires that needed prescription drugs be available to patients. Currently, many HMOs refuse to pay for prescription drugs that are not on their preapproved list of medications. As a result, patients may not